

Stafford County Utilities Commission
Meeting Minutes
October 9, 2012

I. Call to order

Chairman Bill Tignor called to order the regular meeting of the Utilities Commission at the Utilities Administration Conference Room on October 9, 2012.

II. Roll call

The following members were present: Joyce Arndt, David Bohmke, Paul Gohmann, Bob Hunt and Bill Tignor (Gordon Howard and John Harris were absent). Harry Critzer, Janet Spencer, Bryon Counsell, Deidre Jett and Cheryl Giles were present for the Utilities Department.

III. Public Presentations

There were no public presentations.

IV. Approval of minutes

The September 11, 2012 minutes were approved as written.

V. Commission Members' Comments

Commission members thanked staff for the dinner and for the Rocky Pen Run Reservoir tour. Mr. Tignor suggested another tour be held in six months.

VI. Director's Report

Mr. Critzer reported the following items:

- A meeting will be held October 17th with a developer to discuss the property for the Courthouse Area Water Tank site.
- There have been issues with the Celebrate Virginia Water Tank. The parent property can't be subdivided until real estate and CDA fees have been paid.
- The voluntary water use restrictions were lifted on October 5, 2012. Smith Lake was down seven feet and Abel Lake was down five feet. The water demand has dropped below 10 million gallons per day (mgd).
- Staff is working on the Operating and CIP budgets and will present information at the November 13th meeting for input and discussion.

Mr. Tignor inquired if there were changes for the Courthouse Water Tank site. Mr. Critzer responded Medicorp would still pay the proffers, but staff would not seek condemnation of Mr. Walchester's property at this time.

VII. New Business

Quarterly Financial Update

Ms. Jett reported that last year's Operating revenue was 5% below what was projected. Availability fees were 10% above what was budgeted and pro rata fees were 40% above what was budgeted.

The Operating budget was lowered 2.5% for FY13. Availability revenue is slightly ahead of budget for the first quarter and expenditures are within budgeted amounts for the first quarter.

In June, \$61M in bond proceeds was issued. We have been reimbursed \$29.5M in bond proceeds, which leaves about \$31.5M to spend. About \$3M per month is being spent for the Rocky Pen Run Reservoir Project. The amount may increase in the spring to about \$4M per month. Bond proceeds are estimated to be spent by August 2013. Once the proceeds have been spent, Reserves will be used to cover the project.

Utilities Rate Study

Ms. Jett gave an overview of what a rate study is and highlighted the timeline and expectations for the study. Seven proposals were received and four firms were interviewed. If commission members desire, a presentation by the selected firm can be scheduled to provide an overview of the study.

Mr. Tignor asked if the rate study involves customer surveys. Ms. Jett responded the rate study does not consist of customer surveys but does consist of what it costs to produce water, to treat sewage, and to determine if the rates are sufficient to cover the costs.

Mr. Hunt commented that he served on the Commission during the time the 2005 Rate Study was completed. The rate study recommended a 9% rate increase for three years and the Rocky Pen Run Project was one reason the rate increases were justified. An increase in water availability fees was also recommended.

Rocky Pen Run Reservoir Environmental Mitigation Agreement with Ridgpointe HOA

Mr. Counsell reported the mitigation project is not a typical agreement because it has an agreement with county responsibilities on private-owned property for an extended amount of time. A general overview of the original and revised Mitigation Plan was provided.

The projects included in the Ridgpointe HOA Agreement are called Water Quality Retrofit. They are projects that would modify existing stormwater ponds to meet filtering and water quality standards. Filter and water quality media will be planted in the existing ponds to get a filtering affect from waters that enter the Claiborne Run Watershed. The agreement with the Ridgpointe HOA would allow the County to complete construction work and to maintain the ponds. In turn, the HOA would sign a Declaration of Restrictions to further restrict use of that property.

Mr. Counsell stated this report was for informational purposes only. Staff will present an Action Item at the next meeting for the commission's recommendation.

Ms. Arndt asked how this project would benefit the Rocky Pen Run Reservoir Project. Mr. Counsell responded that because there are mitigation requirements that have to be met to offset the impact of destroying the 9 miles of stream; completing these projects would help to meet the Army Corps of Engineers mitigation requirements to fill the reservoir.

Mr. Counsell explained that if the projects could not be completed, we would be responsible for an in-lieu fee. The fee is based upon stream conditions, times a factor, times a multiplier,

times a market value of stream conditions. The in-lieu fee for all of the mitigation would be between \$25M to \$32M.

Old Business

Financial Overview of the Rocky Pen Run Reservoir Project

Ms. Jett reported that \$3M has been spent since the last report in August. Most of the payments have been to Haymes Brothers and MEB Contractors. Since May 2012, about \$11.5M has been spent for the project.

VIII. Adjournment

Mr. Tignor adjourned the meeting at 7:55pm.

Minutes submitted by:

A handwritten signature in black ink, appearing to read 'Joyce Arndt', written over the printed name.

Joyce Arndt,
Recording Secretary